

4

The Ideal Storehouse System

An Address
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of the
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THE IDEAL STOREHOUSE SYSTEM.

No other business enterprise requires so many different things in such large quantities as a railroad, and the importance of the Storekeeper in the railroad organization may be measured by the value of the materials and supplies for the safekeeping and proper issuance of which he is responsible.

The statistics of the Interstate Commerce Commission covering railroads having gross revenues of over \$1,000,000 per annum, show that these companies, operating 239,938 miles of railroads, had on hand, on June 30, 1913, materials and supplies valued at \$317,773,723, or an average of \$1,324 per mile of road. Including materials and supplies carried by the Pullman Company this total is brought up to something over \$322,000,000.

If we assume that these balances represent a three months' supply, this would mean that your monthly receipts and issues would aggregate something over \$100,000,000 and that you handle during the course of the year property to the value of approximately \$1,200,000,000.

For the successful and economical handling of property of this enormous value it is essential that your business shall be thoroughly systematized in all of its departments, and meetings such as this where experiences can be compared and suggestions for improvements threshed out are of practical value to the companies which you represent.

In my brief talk to you, I shall not endeavor to discuss any of the technical problems with which you have to deal, but shall confine myself to some very general suggestions.

It is the duty of the Storekeeper to have on hand and to supply promptly anything that may be required in the operation of the railroad he represents. But the Storekeeper must also bear in mind that money tied up in materials and supplies is unproductive capital. It is earning nothing while the articles for which it has been expended are lying in the storehouse. On the contrary, storehouse balances are a source of expense to the company in interest, taxes and insurance. The ideal system, therefore, is one which will result in the article wanted being always on hand while the accumulation of an excessive supply of any article is always avoided. I need not tell the members of this Association that

this presents a difficult problem. It is one, however, that I believe is possible of solution. In my opinion the solution lies in effective team work, not only within the organization of the General Storekeeper, but between his organization and all of the men of other departments to whom materials and supplies are issued. On every large railroad system there are liable to be accumulations of materials at certain storehouses while others may be short of the same materials and the General Storekeeper may often be able to keep down his total balances by transferring the surplus from a point where it is not needed to the storehouse needing it.

The men who use supplies can be most helpful in aiding the Storekeeper to avoid the accumulation of excessive supplies of materials in current use and in preventing the accumulation of obsolete stores. The natural disposition of everyone using materials is in the direction of accumulating large supplies in order that his work may not be held up while waiting for some essential thing. He should, however, realize that it is to the interest of the company by which he is employed that an undue proportion of its capital shall not be tied up in storehouse supplies and he should loyally co-operate with the Storekeeper to keep these down by carefully estimating his requirements.

It would seem that, under an ideal storehouse system, such a thing as the accumulation of obsolete stocks, except insofar as obsolete parts are salvaged from condemned equipment and structures, should be impossible. There is only one way in which it can be made impossible and that is through intelligent co-operation by the users of supplies. The Storekeeper should be advised of any change of standard, not when it has actually been made, but as soon as it is in contemplation, in order that he may work off his stock and have a minimum amount of the old standard on hand when the new one is adopted.

I know that there is nothing particularly new in what I have said to you. Much the same ground has doubtless been gone over in former meetings of this Association and improvements in practice have doubtless resulted. I think you will agree with me, however, that perfection has not yet been attained and that Storekeepers, those who draw on them for materials and supplies, and the executives of the companies should all co-operate to bring about, as nearly as practicable, the ideal condition of having no surplus stock in any storehouse and of always having the thing that is wanted, when and where it is wanted.